

UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

In the Matter of:

WILLIAM DUNLAP CANNON III

Former Institution-Affiliated  
Party of:

LEADER FEDERAL BANK  
FOR SAVINGS  
MEMPHIS, TENNESSEE (#00492)

OTS Order No. CHI-95-14

Dated: November 28, 1995

ORDER OF PROHIBITION

WHEREAS, William Dunlap Cannon III ("CANNON") has executed a Stipulation and Consent to Entry of an Order of Prohibition ("Stipulation") on or about November 17, 1995 ; and

WHEREAS, CANNON, by his execution of the Stipulation, has consented and agreed to the issuance of this Order of Prohibition ("Order") by the Office of Thrift Supervision ("OTS"), pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(e); and

WHEREAS, the Director of the Office of Thrift Supervision ("OTS") has delegated to the Regional Director of the OTS the authority to issue Orders on behalf of the OTS where there has been consent of the Respondent.

NOW THEREFORE, IT IS ORDERED that:

1. Due to the operation of Section 8(e)(6) of the FDIA, 12 U.S.C. § 1818(e)(6), CANNON shall not:

(a) participate in any manner in the conduct of the affairs of the institutions and agencies set forth in paragraph 2 of this Order;

(b) solicit, procure, transfer, attempt to transfer, vote, or attempt to vote any proxy, consent, or authorization with respect to any voting rights with respect to the institutions and agencies set forth in paragraph 2 of this Order;

(c) violate any voting agreement previously approved by the "appropriate Federal banking agency" as defined in Section 3(q) of the FDIA, 12 U.S.C. § 1813(q); or

(d) vote for a director, or serve or act as an "institution-affiliated party", as defined in section 3(u) of the FDIA, 12 U.S.C. § 1813(u).

2. Due to the operation of Section 8(e)(7) of the FDIA, 12 U.S.C. § 1818(e)(7), CANNON shall not continue or commence to hold any office in, or participate in any manner in the conduct of the affairs of:

(a) any insured depository institution, as defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c);

(b) any institution treated as an insured bank under Sections 8(b)(3) or (b)(4) of the FDIA, 12 U.S.C. § 1818(b)(3) or (b)(4);

(c) any institution treated as a savings association under Section 8(b)(9) of the FDIA, 12 U.S.C. § 1818(b)(9), including:

- (i) any savings and loan holding company,
- (ii) any subsidiary of a savings and loan holding company,
- (iii) any service corporation of a savings association, or,
- (iv) any subsidiary of a service corporation, whether wholly or partly owned;

(d) any insured credit union under the Federal Credit Union Act (12 U.S.C. § 1751 et seq.);

(e) any institution chartered under the Farm Credit Act of 1971 (12 U.S.C. § 2001 et. seq.);

(f) any appropriate Federal depository institution regulatory agency;

(g) the Federal Housing Finance Board and any Federal Home Loan Bank; or

(h) the Resolution Trust Corporation.

3. Pursuant to Section 8(e)(7)(B) of the FDIA, 12 U.S.C. § 1818(e)(7)(B), the prohibitions of paragraphs 1 and 2 of this Order shall cease to apply with respect to a particular institution if CANNON obtains the prior written consent of the OTS; of the institution's "appropriate Federal financial institutions regulatory agency," as defined in Section 8(e)(7)(D) of the FDIA, 12 U.S.C. § 1818(e)(7)(D); and of the FDIC

pursuant to Section 19 of the FDIA, 12 U.S.C. § 1829.

4. The Stipulation is made a part hereof and is incorporated herein by this reference.

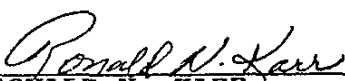
5. Notice is hereby provided that a violation of this Order could subject CANNON to the penalties specified in Section 8(j) of the FDIA, 12 U.S.C. § 1818(j).

6. CANNON shall promptly respond to any request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with this Order.

7. The OTS does not intend to, and nothing in the Order shall be interpreted to limit, in any manner, the full scope of the prohibition prescribed by Section 8(e) of the FDIA, 12 U.S.C. § 1818(e).

8. This Order shall become effective on the date it is issued, as shown in the caption above.

THE OFFICE OF THRIFT SUPERVISION  
By:

  
\_\_\_\_\_  
RONALD N. KARR  
REGIONAL DIRECTOR  
CENTRAL REGIONAL OFFICE

UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

In the Matter of:

WILLIAM DUNLAP CANNON III

Former Institution-Affiliated  
Party of:

LEADER FEDERAL BANK  
FOR SAVINGS  
MEMPHIS, TENNESSEE (#00492)

OTS Order No. CHI-95-14

Dated: November 23, 1995

STIPULATION AND CONSENT TO ENTRY  
OF AN ORDER OF PROHIBITION

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed William Dunlap Cannon III ("CANNON"), former attorney and institution-affiliated party of Leader Federal Bank for Savings, Memphis, Tennessee ("the Association"), that the OTS is of the opinion that grounds exist to initiate an administrative prohibition proceeding against CANNON pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C § 1818(e)<sup>1</sup>; and

WHEREAS, CANNON desires to cooperate with the OTS to avoid the time and expense of such administrative litigation

1. All references in this Stipulation and Consent and the Order of Prohibition to the U.S.C. are as amended.

and, hereby stipulates and agrees to the following terms:

1. Jurisdiction.

(a) The Association is a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C. § 1813(b), and Section 2(4) of the Home Owners' Loan Act ("HOLA"), 12 U.S.C. § 1462(4). Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c).

(b) CANNON, as a former attorney who knowingly and recklessly participated in a violation of law which caused a significant adverse effect on the Association, is deemed to be an "institution-affiliated party" as that term is defined in Section 3(u) of the FDIA, 12 U.S.C. § 1813(u), having served in such capacity within six (6) years of the date hereof (see 12 U.S.C. § 1818(i)(3)).

(c) Pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal banking agency" to maintain an enforcement proceeding against such a savings association and/or its institution-affiliated parties. The Director of the OTS has delegated to the Regional Directors of the OTS the authority to issue an order of prohibition where the respondent has consented to the issuance of the order. Therefore, CANNON is subject to the authority of the OTS to initiate and maintain a prohibition proceeding against him pursuant to Section 8(e) of the FDIA, 12 U.S.C. § 1818(e).

2. OTS Findings of Fact. The OTS finds that:

(a) From on or about December 1, 1993 and continuing until on or about February 8, 1994, CANNON knowingly executed and attempted to execute a scheme and artifice to defraud the Association and to obtain moneys, funds, credits, and assets owned by and under the custody and control of the Association by means of false and fraudulent pretenses, representations, and promises, in violation of 18 U.S.C. § 1344.

Specifically, CANNON, acting as closing attorney for the Association, received moneys and funds from the Association that were to be used exclusively on real estate purchases financed by the Association to pay off existing first mortgages and other closing costs. As part of the scheme to defraud, CANNON failed to use the moneys received from the Association to pay the existing first mortgages and other closing costs, and used the moneys and funds for unauthorized purposes.

(b) On or about June 2, 1995, CANNON pled guilty to charges of embezzlement, wire fraud, mail fraud, and bank fraud in violation of 18 U.S.C. §§ 657, 1341, 1343, and 1344.

3. Consent. CANNON consents to the issuance by the OTS of the accompanying Order of Prohibition ("Order"). He further agrees to comply with its terms upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality. The Order is issued by the OTS under the authority of Section 8(e) of the FDIA, 12 U.S.C. § 1818(e). Upon its issuance by the Regional Director or designee for the Central

Region, OTS, it shall be a final order, effective and fully enforceable by the OTS under the provisions of Section 8(i) of the FDIA, 12 U.S.C. § 1818(i).

5. Waivers. CANNON waives the following:

(a) the right to be served with a written notice of the OTS's charges against him (referred to as a Notice of Intention to Prohibit) (see Section 8(e) of the FDIA);

(b) the right to an administrative hearing of the OTS's charges against him (see Section 8(e) of the FDIA); and

(c) the right to seek judicial review of the Order, including, without limitation, any such right provided by Section 8(h) of the FDIA, 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order.

6. Indemnification. CANNON shall neither cause nor permit the Association (or any subsidiary thereof) to incur, directly or indirectly, any expense for any legal (or other professional expenses) incurred relative to the negotiation and issuance of the Order of Prohibition, nor obtain any indemnification (or other reimbursement) from the Association (or any subsidiary thereof) with respect to such amounts. Any such payments received by or on behalf of CANNON in connection with this action shall be returned to the Association.

7. Other Government Actions Not Affected. CANNON acknowledges and agrees that the consent to the entry of the Order is for the purpose of resolving this prohibition action only, and does not release, discharge, compromise, settle, dismiss, resolve,

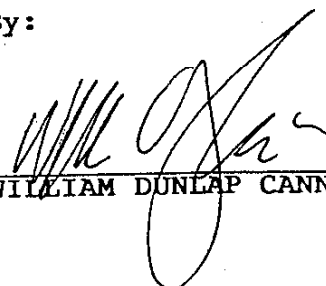


or in any way affect any actions, charges against, or liability of CANNON that arise pursuant to this action or otherwise, and that may be or have been brought by any other government entity other than the OTS.

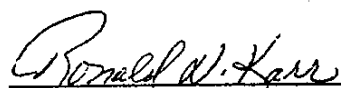
8. Acknowledgment of Criminal Sanctions. CANNON acknowledges that Section 8(j) of the FDIA, 12 U.S.C. 1818(j), sets forth criminal penalties for knowing violations of this Order.

WHEREFORE, CANNON executes this Stipulation and Consent to Entry of an Order of Prohibition, intending to be legally bound hereby.

By:

  
\_\_\_\_\_  
WILLIAM DUNLAP CANNON III

Accepted By:  
Office of Thrift Supervision

  
\_\_\_\_\_  
RONALD N. KARR  
REGIONAL DIRECTOR  
CENTRAL REGIONAL OFFICE

Dated: \_\_\_\_\_

Dated: 11-28-95